1996 Atlantic Canada Food Marketing Guide

Prepared for:

Enterprise Prince Edward Island
New Brunswick Department of Agriculture and Rural Development
Nova Scotia Department of Agriculture and Marketing
Newfoundland Department of Forest Resources and Agrifoods

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Introduction

Change and Opportunity in the Food Industry

Welcome to the Atlantic Canada Food Marketing Guide. This guide should be a useful reference tool for anyone in the food industry but is designed primarily to assist entrepreneurs in understanding what is required to take their products to the marketplace by demystifying food marketing and presenting a general framework for improved market understanding, research and analysis.

Success in marketing has always required that sellers understand and meet the needs of buyers. There was a time when determining those needs, and meeting them, seemed relatively straight-forward. Providing quality products and service at a good price will always be required, but now these requirements are just the beginning.

Recent years have brought great changes to the Atlantic Canadian food industry. To the consumer, many of these changes are apparent in modern retail grocery stores with a stronger customer orientation and a wider selection of high quality food products. Other changes such as
information technology and productivity improvement are less apparent to the average consumer but are important to understand nevertheless.

Competitiveness has increased and penetrated all levels of the industry. Led by ever more demanding consumers, food retailers, particularly the major chains, are fiercely competitive with each other. National and regional processors must learn to differentiate and coexist with the retailer's own store brands. Local produce growers must compete with computerized, continental distribution systems that move truckloads of fresh produce into the region daily.

The role that technology plays has increased significantly and has redefined the nature of competitive food processing, distribution and retailing. Technology has enabled fundamental changes in the nature of how food distribution takes place. Since the mid 1980's, computers, universal product codes, scanner technology, and information systems that turn millions of bits of daily sales and consumer data into detailed management information have become the foundation of modern food distribution and retailing. Information technology has enabled ever more
sophisticated merchandising decisions.

Over the past few decades, consumer priorities have shifted dramatically. An aging population is showing increased interest in proper nutrition. Younger consumers are changing the environmental priorities of the industry. The number of children per family is decreasing. Average real disposable income is also going down. The number of single parent families is increasing. In two-parent households dual incomes are increasingly the norm. A generally more discerning and value-conscious consumer society is prepared to explore alternate brand choices,
including store brands, when shopping for food.

Brand loyalty is becoming more and more a thing of the past. Recent surveys have shown that, while a certain segment of shoppers still has brand loyalty, the size of that segment is shrinking. Product characteristics such as quality, price and convenience are now the more determinant factors.

To succeed in this environment, new entrants to the marketplace must be well prepared. They must understand and be able to apply a broad range of marketing concepts. They must understand how the various levels in the marketing and distribution systems function and know the needs and requirements of each level. Above all, they should be able to identify and optimize their distinctive competencies. There is no room in today's marketplace for another "me too" product. New entrants must have distinctive competitive features that offer something to the marketplace that is not already available.

In many ways, the "rules of the game" have changed within the last ten years, and will continue to do so in the years to come. What worked in the past may not be good enough today. Successful companies must know their consumers, customers, competitors, and the technologies of the food business. They will monitor and understand the changes taking place and they will use this knowledge to their competitive advantage. Finally, once successful in Atlantic Canada, these companies will have achieved such a standard of competitiveness and effectiveness that they will be well prepared for success in larger markets.

In the body of this guide, we will refer to a variety of marketing concepts and how they may be applied. For those users who do not fully understand a particular concept, an appendix is attached which presents some of these concepts in more detail. We encourage you to familiarize yourself with those sections of the concepts in Appendix (A) as needed.

The guide will take you through the steps of the market planning process and provide points for consideration and outline issues that should be examined. This guide is designed as a framework to provide information and help you to understand the range of thoughts and ideas that must be considered. It is not a detailed "how to" document where we provide the forms and you simply fill in the blanks. We hope that the guide will be helpful to you.

Your provincial government development officers as well as the staff of many other government departments, agencies, industry associations and regional development groups are also there to assist you. Your provincial development officers should probably be your first point of contact and may be found at the addresses below. Good luck with your business venture.

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Marketing and Market Planning

"Houses are built on solid foundations - so are successful businesses." In order to succeed in today's competitive environment, many entrepreneurs wisely develop a business plan to assist them in gaining support for their project, to provide focus and direction to their efforts and to ensure that no critical factors have been left out of their thought processes. An integral part of any business plan, in addition to considerations of physical, financial and human resources required, is the marketing or market plan and that is the focus of this document.

Marketing itself is the combination of all of the steps and activities that lead to the final sale of your product to the end user. Traditionally, these activities are divided into four main subject areas: product, promotion, price and place. There are a variety of other activities that also take place which will provide a framework for decision making in these areas.

The Marketing Plan

The marketing plan is a document designed for action. It contains important facts, analysis, and conclusions about a product's markets and competitors, measurable market objectives and action plans the company will use to use to achieve their objectives. It is not a document to be completed and placed on a shelf, but a dynamic planning guide which should be reviewed and refined on a regular basis. The scope and detail of a marketing plan will vary depending on the size of the initiative, the type of industry involved and the complexities of that market segment. A typical marketing plan covers the following topics:

Mission statement - briefly describes the business you are in, the products and services you provide, your geographic territory, and the customer needs you fulfill. It should also reflect the company's business philosophy and desired image in the marketplace. A first draft mission statement should be developed at the start of the market planning process but you can be certain that it will be revised as the process is carried out.

Personal objectives (they are not usually included in the marketing plan but they should be considered nevertheless) - One aspect that is often overlooked in the development of a business plan or marketing plan is the impact of the business on the individual entrepreneur. The demands on personal and family time that are often created by the launching of a new product or enterprise can be substantial. Be sure that you have considered these demands as carefully as you consider all of the other aspects of your project.

Objectives - are specific goals and time frames for achieving them. They should be clearly defined, realistic and measurable. It has been said "if you don't know where you are trying to go, how will you know when you get there?" Your objectives should cover 1, 3 and 5 year timeframes and should be updated at regular intervals. These, too, should be reviewed at the end of the market planning process and revised as necessary.

Types of objectives include:

Environmental issues - Is my packaging recyclable? Is my product environmentally friendly?

Profitability - How much should I earn per unit of sales? Is this realistic?

Increase in sales - What percentage increase in sales do I expect? Is this a reasonable target?

Return on investment - I am investing in the launch of this new product. Will the return on this investment justify the expenditure?

Market share - What percentage of the market do I expect in my product category? Is this a realistic expectation?

Competitive analysis - presents facts and data about your target market, the specific segments for your products, competitors, distribution channels and other micro and macro-environmental issues. This analysis could also include a review of internal strengths and weaknesses and external opportunities and threats. Some people prefer to complete the latter part of this analysis separately and refer to it as a SWOT analysis.

Competitive strategies - the overall approach for achieving the market objectives. Each product should seek to have a distinctive competitive advantage that can be

optimized to improve performance.

Typical strategies include:

Cost leadership - being the low cost producer through innovative technologies, economies of scale or low cost raw materials, for example.

Product differentiation - having a product that is unique, identifiably different, having superior qualities and/or other consumer advantages.

Niche markets - identifying specialty markets where the product meets the needs of a small group of specialty customers who are willing to pay a premium to have their needs met in a superior fashion.

These strategies are not mutually exclusive. You can use any combination of strategies that will help you reach your objectives.

Strategic action plan - a detailed listing of what will be done, when it will be done, the budgeted cost for each task and the person or persons responsible for each task. Actions can be generally categorized under the following headings: product, promotion, price and place (outlets and
distribution channels). The blend of the decisions taken in these areas is known as the marketing mix.

Pro forma financial statements - a financial extrapolation of the market objectives and action plan budgets. It is often advisable to get professional assistance with the development of your financial projections.

Controls - a description of how management will monitor the results of the plan both during and after implementation. What information do I need, who will provide it and how do I measure it?

A marketing plan is a document that presents a context for action. The context is the market analysis, objectives, and strategy. The actions are the implementation decisions and the measurement of results as the plan is implemented.

Market Research and Analysis

Marketing decisions are made based on a combination of entrepreneurial instinct, experience and market research and analysis. Generally, however, too few decisions are made with proper consideration of relevant market research. Market research can be fundamental to gaining and maintaining market share.

Market research serves two important purposes:

1. To provide information used in understanding, defining and analysing markets. The primary purpose of this is to make educated decisions about the product, price, promotion and place.

2. To provide information for monitoring your planning assumptions and market results during the implementation of the marketing plan.

Market research is an investment in the development of a solid foundation for your business. It will help you make better marketing mix decisions. Successful products build sales, profits, competitive advantage, and rapport with the trade. Investing some time and money towards making better informed marketing decisions will lower your direct and indirect costs of doing business.

Market research is particularly important when your products are competing against established competitors who are selling to satisfied customers, something that is commonly the case in the food industry. In this situation, it is vital to have a very clear understanding of your competitors strengths and weaknesses, as well as understanding subtle but important ways to better serve these customers. Further, in intensely competitive markets, circumstances may change rapidly. Strong market understanding will help you solve problems more rapidly and accurately. It should allow you to take a pro-active position and move forward on a timely basis rather than being reactive and making changes in response to events that have already occurred.

Sources of Information

Primary research is conducted by direct contact with information sources such as chain store buyers, distributors, etc. Secondary research provides information from sources that are not directly involved in the distribution and sales channels. Secondary sources include industry associations, libraries, periodicals, government representatives and other independent sources. It is preferable to collect as much published and electronic data as possible before making direct contact with industry representatives. One of your best sources of advice and data on market research is your provincial agri-food department and their development officers. They can provide you with information on:

- **Specific industry contacts**
- **Retailers, brokers and distributors**
- **Regional, national and international consumer and trade shows**
- **Industry association contacts**
- **Trade magazines and publications**

- **Federal and provincial marketing and financial assistance programs**
- **Industry profiles and studies**
- **Internet sources**
- **Other aspects of your business plan**

We have not attempted to list all of the above data as it must be updated regularly and is already available upon request from your provincial agri-food development officers at the addresses noted in the front of this guide.

Another basic research tool is demographic information such as that presented in Appendix C.

Demographics must be used cautiously as there are many factors which can influence consumer decisions. Used in combination with other available data, demographics can be very useful in developing sound projections.

In addition to the above, there is a wide variety of information available from other sources. Public and university libraries, consultants, professional data collection agencies, other federal and provincial government agencies, local Chambers of Commerce and business resource centres as well as Statistics Canada and the internet can all be important sources of information.

Appendix E provides a more detailed listing of some of the more common sources.

Competitive Analysis

Once you have compiled your preliminary data, you should complete your competitive analysis.

Effective understanding of your marketing environment is critical to making successful marketing mix decisions for your products. The marketing environment refers to the variety of market circumstances that can influence the demand for your products.

These influences may be close and obvious or distant, only to become noticeable after they have affected your business.

The marketing microenvironment involves understanding your company, competitors, suppliers, trade customers, and consumers. It also involves understanding the intermediaries such as brokers and distributors as well as any other stakeholders that have an actual or potential ability to influence the success of your company.

Understanding your marketing macroenvironment involves monitoring broader demographic, economic, technological, political, legal, social and cultural trends that influence the demand for your products and services. For example, an aging population can shift demand from food products associated with youths and families.

It is generally more efficient to gather marketing environment information over time, by reading industry trade journals, observing competitive and customer developments in your product category and regularly asking questions of your customers and sales people.

A competitive analysis may take many forms but should address the issues and questions raised in the following subject areas:

Barriers to Entry

- How easy is it for potential competitors to produce and market a product similar or identical to your own? Is entry to this market segment capital intensive?
- Do you have proprietary differences or unique product characteristics that are patented, licensed or difficult to reproduce?
- Can you command a brand or product loyalty that will hold your customers against new market entrants?
- Are high volumes required to produce sufficient economies of scale to enable a producer to compete effectively?

Power of Buyers (Customers or Consumers)

- Is your product price sensitive? Will sales increase or decrease dramatically in response to an increase or decrease in the selling price? Is your product generic or is it unique?
- Does your product offer distinctive differences from your competitors?
- Do you depend on high volumes with low margins (sales less cost of goods sold) to generate sufficient income to make your business viable?
- How many competitors are there in your market segment?
- Are there substitutes readily available for your product?

Power of Suppliers

- Do you have a variety of potential suppliers for your raw materials?
- Is there a cost to switching suppliers? Dollars, time, relationships.

- How important is volume to your suppliers? Discounts, preferred service.
- Is vertical integration an option? Should you do your own distribution or should you develop your own supply of raw materials or components?

Market Analysis

- Who are the market leaders in your segment? What are their strengths? Weaknesses? Can they be exploited? Will they react to your entry into the marketplace? In what way? Are you vulnerable?
- Is the market for your product already saturated? Competitors? Do you have enough unique characteristics to command a certain market share?
- Where is the market for your product and what is its size? Is it growing or declining? What share of this market can you realistically expect to capture?
- Is there an existing demand for your product? It is much easier to create a product to fulfil a demand than it is to create a demand for a product.
- What are the characteristics of the market that support your aspirations? Consumer trends, psychographics, buying patterns, regional demographics, economic conditions.
- What are the characteristics of your product that will provide you with a competitive advantage? Can you compete effectively? Are your expectations realistic?
- What point are you at in the product cycle for your product? All products go through a supply and demand cycle. Is it a mature and stable market? Rising? Declining?
- What is the profile of your customer? What is their age, needs, buying patterns, etc. Who is your target market?
- Are you providing the product characteristics that your customer requires? That your retailer requires? Packaging, labeling, taste, price, product range and sizes, quality, convenience and environmental features.
- When you enter the market, can you meet the potential demand for your product? Too much demand that cannot be met is just as serious a problem as too little demand.

Other Considerations

- Do you thoroughly understand the costing of your product? The costs associated with each level of and distribution system? Do you understand the margin requirements for each step in the value chain? The costs associated with promotional support for your product at the retail level? The costs associated with the listing of a new product in a supermarket chain?

- What price is the market willing to pay? Is it sufficient to cover all of the costs at different levels within the system and still provide you with a reasonable rate of return to yourself?

- Are you familiar with the federal and/or provincial regulations (inspection, labeling) and infrastructure (marketing boards, quotas, etc.) that govern your market segment?

- Have you assessed your distribution options? Direct? Broker? Distributor? Informal?

- Have you critically evaluated your strengths and weaknesses? These are not only the strengths and weaknesses that relate to your product but also your personal and corporate strengths and weaknesses.

The focus of the competitive analysis is to understand your potential position in the marketplace; to understand your strengths so that you can exploit them; to understand your weaknesses so that you can minimize them and limit your vulnerability; to identify potential market niches that you might occupy; and to provide you with a clear overview of the marketplace so that you can make informed and effective decisions in your strategic action plan.

Now that you have completed your preliminary research and analysis and are able to answer the questions raised above, you should probably re-examine your mission statement and objectives. Are they still realistic and achievable given what you have recently learned? If not, they should be revised accordingly.

Strategic Action Plan

At the heart of a marketing plan are decisions about the key things that the business can directly manage and control. As highlighted in the competitive analysis, there are many external forces, such as competitive developments, and general industry trends, new technologies, the economy and customer and consumer attitudes, that are all beyond the direct control of any single business.

However, an accurate understanding and analysis of these forces can be translated

into decisions that the business can manage: the products offered, promotions used to gain awareness and interest, pricing, and the place consumers can buy your products.

Product

Product decisions involve determining what to sell including type of product, quality, ingredients, size, packaging and labeling. It also includes decisions about your overall portfolio of products, including what new products to add and old ones to discontinue.

Points to consider include:

Product

- Type of product
- Product sizes, portions
- Quality
- Taste and ingredients

Packaging

- Master packaging (cartons containing individual units)
- Electronic data interchange (EDI)
- Environmental considerations
- Shape and physical attributes of the container
- UPC or PLU coding
- Brand identity
- Federal regulations
- Cross merchandising

Production

- Federal inspection
- ISO standards
- Hazard Analysis Critical Control Points (HACCP)
- Product safety issues
- Labeling

The label is one of the most important aspects of your product offering. In most cases, you should get professional assistance with your labels. Your label, in many cases, is what will influence the consumer to buy or not buy your product. It also must meet all regulatory requirements including language, ingredients, nutritional values and user instructions. It will usually require UPC or PLU (produce) coding information.

Labels, in addition to being used to identify and market the contents of a package, can also be used to promote other parts of your product line either directly or through recipes or can be used for cross-merchandising with other products whose use is

naturally associated with your own product. e.g. cheese and crackers or chips and dip. Labeling requirements are very complex and vary depending on your market locations. For more detailed information on labelling requirements and related government regulations, contact your provincial development officer.

Promotion

Promotion decisions revolve around how you communicate to your market. In order for the retailer to sell a product, the buyer must first gain awareness and develop interest. This can be achieved through labeling, advertising, point-of-sale (POS) materials, in-store demonstrations, direct selling and public relations. Promotion also includes temporary financial incentives to buy the product, such as promotional allowances or coupons. Different aspects of the promotional package should be linked to provide a comprehensive approach which will reinforce brand identity.

Points to consider include:

Consumer promotion

- Advertising (newspaper, radio, television, direct mail, magazines, billboards)
- Consumer shows (regional, national and international consumer shows, booths, staffing, image, choosing the right show, preparation)
- In-store demonstrations (live, mobile, static, staffing, timing)
- Coupons (distribution via product, media or in-store; handling charges, reduced margins, displacement sales, stock-up rates, conversion rates, redemption rates)
- Free samples
- Money refunds
- Contests
- Sponsorship

Trade Promotion

- Merchandising allowances or promotional discounts to retailers.
- Trade shows (regional, national and international trade shows, booths, staffing, image, choosing the right show, preparation)
- Free goods (free product to retailers as a part of a promotion)
- Co-op advertising - Share of promotional advertising costs.
- Forward buying - Selling goods for future sales at a predetermined price.

Sales Promotion

- Sales contests
- Salesmen's incentives
- Bonuses
- Campaigns

Price

Price decisions refer to how you charge for your products. This includes decisions about setting regular prices, credit terms, return policies, price increases, reductions, and geographical pricing.

If you participate in more than one market segment, you should ensure that one segment does not have a price advantage over another. If you don't maintain the integrity of your pricing structure, you could undermine some or all of your markets. This does not necessarily mean selling to each segment at the same price. Your pricing structure should be balanced so that each market can sell to the end customer and achieve their normal margins for your product and each step in the production and marketing process will be properly compensated.

Points to consider include:

- Cost-plus (setting a price to include your direct and indirect costs plus allowances for overheads and profits)
- Target pricing or market pricing - setting your price to match that of a key competitor.
- Penetration pricing or predatory pricing - setting a price below that of a key competitor in order to gain market share.
- Premium pricing - setting a higher price for a unique product.
- Volume discounts and "deal" prices to encourage retailer support.
- Contribution analysis - what does each unit of sales contribute to your overhead costs?
- Break-even analysis - At what volume of sales at a given price do you make zero profits? Any increase in sales above this point will generate profits. In other words, cost-volume-profit relationships.

Place

Place refers to location decisions such as the location of a retail store or the geographic market that will be served. Place decisions also refer to distribution channel decisions, such as selling direct to retailers, or indirect distribution through wholesalers or distributors.

Successful companies realize that the relationships between product, promotion, price and place are dynamic and interrelated. There are many different alternatives for retail

sales outlets. A particular product (e.g.jam) could be sold through grocery chains, specialty stores, farm markets, catalogues, the restaurant trade or institutional markets. In each instance, the decisions required for distribution, pricing, promotion, packaging, labeling and product selection will be different depending on the outlets that are chosen.

In the initial stages with some products you might choose to sell directly in small, regional farmer's markets, consumer shows, craft fairs or try home selling or setting up your own retail outlet. The direct contact with customers in these markets is often a good way to get product feedback and suggestions for changes and improvements. You might approach specialty shops in your product category. These could be gourmet, natural food or other specialty stores or gift or craft shops. Initially, sales might be on a consignment basis and, if successful, they could then move to more conventional distribution channels.

For some products, the Hotel, Restaurant and Institutional (HRI) trade might be an option. These outlets typically require less expenditure for packaging, labeling and promotion and are usually sold in larger unit sizes. Consistent quality, dependable supply and competitive prices are necessary to compete in this marketplace.

If your product is more generic than unique, your strengths are more in production than marketing or you have excess capacity, you might investigate co-packing. This is a similar approach to private label sales in that you either pack your product under someone else's label or sell your product in bulk to another company which distributes it under their own label.

Some products, particularly those that are unique and non-perishable, are appropriate for mail order or catalogue sales or can be produced under private label for others in these market segments to sell.

A large number of new products are sold through grocery chains either as branded products or private label. As we stated in the introduction, the grocery chains are intensely competitive and are under constant pressure from potential suppliers to list their new products. In general, the chains are supportive of local entrepreneurs but have little time for organizations who are not properly prepared.

Each of the above market segments has different requirements for distribution channels, labeling, promotional support programs, packaging and price points. No matter which of the segments you are approaching, you should be throughly prepared. Know your product costs and margins, your position in the marketplace and your distinctive competencies.

Distribution Channels

These are the methods used to get your product to the final retailer. The decision as to the channel that you wish to use will depend on the nature of your product and the

characteristics of the target market.

Direct distribution

If you have a relatively concentrated geographic market area, you may wish to start out with direct distribution (do your own distribution) to the retailers of your product. This can have some advantages such as better contact with your retailer and more influence on your product presence in the store. Direct distribution is most appropriate for larger volume, perishable products such as bread and milk. The disadvantage to direct distribution is that it is generally more expensive when you are doing your own deliveries and the value of your your time is included in your costs.
If you set up your own distribution system, you have essentially started up a whole new business with its own set of problems and issues. Direct distribution is generally inefficient in larger geographical areas.

Indirect distribution

If you are selling in a broader geographical area, lower volumes per outlet and relatively non-perishable goods, you are probably better off using indirect distribution through a broker and/or distributor.

Functions within distribution channels:

Broker/Agent

These are wholesale operators who buy or sell on the account of others for a commission. They do not usually warehouse or physically handle products. They act as sourcing agents and operate as a liaison between buyers and sellers and collect their commission from the seller. Many brokers assist their clients by tracking sales activity and developing marketing strategies for their product lines.

Wholesaler/Distributor

These provide one-stop shopping to many retailers and foodservice operators. Most of the foodservice sector deals with distributors and they are often the only point of contact between the producer and the foodservice operator. Some retailers are vertically integrated and have their own wholesale and distribution functions. In the HRI sector the distributor usually plays an active role, advising the foodservice operator on price fluctuations and product availability. Some distributors are large operations with extensive storage and transportation facilities while others are small and serve specialized markets. Some distributors deal through wholesalers while others carry out the wholesale function. Wholesalers actually take possession of the goods that they handle.

Deciding on a channel

The decision on what channels to use can make a great deal of difference in the success of any product and depends on a wide variety of factors. Once you have selected your target market or segments, it is important that you understand how your category of product usually gets to
these markets.

Most agents, brokers, wholesalers and distributors specialize in specific market areas. If you are serving different market segments, different channels may be required for different segments.

Other questions that influence the decision include:

- Is the product perishable? What is it's shelf life?
- Is your volume at each location large or small?
- How many loctations are being served?
- Is the product highly technical? Does it it need a high level of support?
- How broad is your product line? Can you afford your own distribution system?
- Is your product seasonal? Prone to breakage? Who pays?

Your provincial development officers maintain current listing of the agents, brokers, wholesalers and distributors in your region. For sales outside your region there are national associations that can provide information or federal representatives that would be able to assist you. (See Appendix E)

Strategic Decisions

In all of the areas discussed in the Strategic Action Plan section, there is a need to make important decisions that will affect the success of your product in the marketplace. When a decision is taken, and a certain direction is followed, the results should be monitored carefully. Mechanisms should be established to collect and evaluate consumer feedback. Strategic action plans should be subject to periodic reviews and updates.

Major Grocery Chains

Branded Product

Each of the major grocery chains in Atlantic Canada has differences in their approach or processes, but they also have many common attributes.

Most chains try to support local entrepreneurs. However, it is the entrepreneur's

responsibility to make sure that his/her products meet the needs and requirements of the chain.

They are all looking for products that are new, unique or innovative. If your product is generic, they might still talk to you, but, perhaps, with less enthusiasm.

Products that are federally inspected are preferred as they can be sold across provincial boundaries. Some chains will not handle products that are not federally inspected in their warehouses. All chains require basic provincial registration. If not federally inspected, some products may still be sold provincially.

Some chains have regional warehouses and their own distribution systems, others require that you provide distribution to each store.

Listing fees don't usually apply to fresh or meat products but usually do to grocery and frozen products. Some exceptions may be made depending on the product and to support new entrepreneurs.

Promotional support programs are expected and encouraged. Samples, in-store demos, promotional pricing, co-op advertising, etc.

The chains suggest that you:

- Always make an appointment in advance with the category manager or buyer. Ask what they expect to see at the interview. e.g. packaging, labels, product specification sheets, samples, promotional materials, etc.
- Provide a brief history of your company.
- Do not contact individual stores directly to have your product sold.
- Make a professional presentation on the merits and benefits of your product.
- Have a label that meets all federal regulations.
- Have a UPC or PLU code on your label and master cartons.
- Know your product costing; know your competition; be prepared to talk price.

If you receive a listing it may be for a few stores to try the product, it may be provincial, regional or throughout the full chain. Know your capacity to supply and be honest about it with the buyer.

If your distribution channel is unclear, ask the buyer. They know who the major distributors are in their product category. Many chains do their own distribution.

Private Label

Many of the above comments also apply if you wish to sell private label. The buyers are looking for new and innovative products. They are not going to change suppliers of a generic product without significant differences in price and/or quality. Your labels are not required. Some chains build the cost of professional label development into the pricing structure. When you make your initial contact ensure that you specify whether you wish to talk to the buyer for your label or for private label.

Retailer Expectations

High quality products are a key expectation that retailers have of suppliers. This includes the overall quality of the finished product, as well as its packaging and ingredients. Retailers expect product quality to be consistent and reliable. Nutritional value is important depending on the product category. Unique product attributes can be important, however differentiation based on service can be equally important.

Retailers expect high levels of supplier service. Reliable, hygienic delivery of goods in good condition is extremely important. Also important are the ability to provide frequent deliveries, year round supply and to meet high volumes of demand. Because of our proximity to our markets, Atlantic Canadian suppliers generally have an important competitive advantage with respect to meeting retailer service and supply expectations.

Pricing must be competitive and consistent with retailer programs, however pricing is generally not as important a differentiator as service and product variables.

Retailers are looking for a professional approach to their sales relationships with suppliers. This approach should reflect a firm understanding the market, the buyer's operations and objectives, and an interest in working together to jointly improve the business of both companies.

Opportunities for Sellers

As with any other dynamic marketplace, change creates opportunity. Significant opportunities await food companies that understand and embrace these industry developments. Store brands, Efficient Consumer Response (ECR), and a competitive marketplace are all developments that encourage and reward business excellence.

Companies that develop ways to succeed in the region's food industry are better positioned than ever before to be successful in home markets and beyond. Success will go, not necessarily to established brands that have always cornered the business, but to suppliers who earn it through focused business operations. This includes developing an in-depth understanding of, and cooperative relations with, their retailers and

distributors. Implementing best business practices, both in efficient, quality operations and in ECR programs with the trade. The benefits of this approach include growing sales and profits; secure and open relations with resellers; and a solid operational base from which to build your business into new markets.

Appendix A - Marketing Concepts

The Product Cycle

Product decisions include determining what product to sell, as well as specifying its quality, ingredients, size, and packaging and other tangible characteristics. Product management entails managing the firm's portfolio of products so that overall revenue and profitability are maximized. One approach is to examine the stage of each of your products to determine where it is at in in it's product cycle. Each product has a distinctive cycle (new entrant, rising, mature and declining) and the level of support given to each product should vary depending on the stage it is at in the cycle. This involves determining what new products should be introduced, what existing products should receive promotional support, what products should simply receive enough support to maintain their market share, and finally, what products should be discontinued.

Launching a New Product

Determining what new products to develop is among the most fundamental marketing decisions you will make. New product development is costly and will also divert your energies away from existing products. They represent a major investment that, if unsuccessful, may have cost credibility with resellers in addition to the costs invested in product development and launch.

The pace of new product introductions, and the generally poor quality of their market performance, has increased grocery retailer resistance to trying new products. Most new products launched in the 1980's have failed. New product introductions remain plentiful in the 90's, yet no more than 12% of these new products survive in the marketplace.

Guidelines for successfully developing and launching new products

- Promote key product attributes;
- Understand the product features relevant to the consumer before prototyping;
- Design desirable attributes into products;
- Test and re-test prototypes to measure and achieve strong consumer recognition of key product attributes. It is the consumer, not the processor's guess about consumers, that determines what will be perceived. Test against competitive products;
- Historically, consumers have responded to products that they see as having one or more of the following key attributes: convenient, good taste, high quality and, more recently, healthy. Perceived value is how these attributes rate in consumers minds at different price levels compared to competitors.

- Do not let consumer testing short-circuit common sense.
- Use suppliers to speed development. Also use universities, government laboratories, etc.
- Invest in labour and production equipment that is flexible and can be re-deployed.
- Be creative in solving high-cost problems. Can attributes be achieved with lower cost ingredients, processing, packaging? Can a more costly product be re-positioned?
- Rapid product development cycles and catching "windows of opportunity" are important.
- New grocery listings are expensive for retailers. New products without a compelling reason for retailer support may have a hard time achieving retail distribution. If a new product fails to gain broad scale availability, the likelihood of achieving lasting consumer support is further reduced.
- Develop a rapport with buyers to understand their perceptions of the market segments that a new product might succeed in. What do they see, in terms of strengths and weaknesses of existing products and suppliers? Years of experience in buying and merchandising a product category gives buyers a strong sense of what will and will not work. Buyers can share this knowledge with interested and cooperative manufacturers, along with recommendations on retail shelf placement, package dimensions, case packs and potential size and growth patterns in the market.

Promotion

Promotion in the food industry involves decisions about how to communicate to the target market. In order to sell a product the buyer must first gain awareness, interest, and communicate information. This can be achieved through advertising, point-of-sale (POS) materials, in-store demonstrations, direct selling and public relations. There are three basic forms of promotion: consumer, trade, and sales promotion.

Consumer Promotion

One of the objectives of a marketing plan is to build a core group of loyal customers for the product or brand. To achieve this goal, a large number of consumers have to be encouraged to make that important first purchase and try the product. Consumer promotions should be designed to stimulate interest and sampling by consumers. It is in this area that couponing and sampling are most effective, either used separately, or in combination. Examples of consumer promotions include:

- *Free samples* - offers of trial amounts of product to consumers. Sometimes

samples are passively made available, i.e. a sample allowance for a deli to give away bite size pieces of cheese. In-store demonstrations are similar to free samples, except that they involve active promotion of the product to passing shoppers.

- *Coupons* - entitle the bearer to savings on a specific product, typically either with their current purchase, on their next purchase or with a purchase of multiple units of product. Ensure that all of your retailers will support the use of coupons.

- *Money-refund offers* - similar to coupons however they are redeemed by mail, not at the place of purchase.

- *Contests or sweepstakes* - typically require the consumer to fill in a form to win a prize. Contests can often be useful to gain a display of product. Canadian law prohibits companies from running contests that require consumers to make a purchase in order to enter.

- *Media advertising* - advertising placed by the supplier in newspapers, magazines, on radio, television, or direct mail or other media. Unlike cooperative advertising, where the retailer actually designs and places the advertisements, consumer advertising is managed by the manufacturer.

- *Public relations* - often overlooked or underestimated, public relations can include sponsorship of an event, public tours of your manufacturing facilities, and communication campaigns of newsworthy events with the purpose of receiving coverage in news or current affairs media.

Of all the forms of consumer food product promotion, in-store product sampling or product demonstrations can be the best technique for promoting consumer awareness, trial and purchase of new food products. Shoppers like product samples because they consider them to be a value-added experience. Retailers support demos because shoppers like them. They can be a very profitable promotional technique since most demo sales are impulse driven, incremental transactions.

By far the most important element in the success of in-store demonstrations is the skill of the demonstrator. Poor demonstrators simply hand out samples; good demonstrators will know and communicate key product attributes in a friendly but persuasive manner. The combination of a special retail price and effective product demonstration personnel can provide 5 to 10 weeks worth of sales from one demonstration. A well conducted product demonstration in a busy store will often recoup its product and staff costs, based on the incremental sales and profit generated.

Trade Promotion

Trade promotions are designed to create interest and stimulate merchandising action from the distribution channel. Frequently, trade promotion involves some form of direct

or indirect financial incentives. Unlike price marketing mix decisions, which represent long term financial transaction arrangements, promotion decisions are temporary. Examples of trade promotions include:

- *Merchandise allowances* - cents (or dollars) off the regular case price for a specific period of time. Some allowances are off-invoice at time of purchase, other may be paid by cheque after the promotion. Merchandise allowances are paid to compensate dealers for featuring or promoting a product. This can include short term advertising allowances and display allowances.

- *Free goods* - are sometimes used instead of, or in addition to, buying allowances. The benefit of using a free goods approach is that the value of the goods to the retailer is greater than the cost of goods to the supplier. Free goods can come in the form of a trade offer such as a free case with the purchase of every ten cases or bonus packs for the consumer, where a large size is sold for the price of a smaller size.

- *Listing allowance* - is a short-term allowance that is specifically designed to compensate the channel for the one-time administrative and distribution costs of listing a new product. Sometimes an incentive allowance is also included during a product launch. i.e. in the form of a case allowance for a period of 60 days after obtaining a listing under/or on the initial one or two orders, or one case free for each store for each flavour or size ordered.

- *Cooperative advertising allowances* - are generally generated on all purchases (on an ongoing basis, not just during a promotional period) to create a pool of money the retailer can earn based on performance negotiated with the supplier. Often, this performance may be inclusion in the retailer's weekly flyers, but it can also include other forms of performance.

- *Premiums* - are merchandise offered for a reduced amount or for free (i.e. coffee maker with the logo of a brand of coffee) in return for product purchase of some other form or trade performance.

Manufacturers must be prepared to invest in marketing and promotions. Marketing costs, even without including advertising, represent a very large part, up to 40% of the typical wholesale price for a grocery product. These costs need to be carefully researched, verified and built into the wholesale price structure of a product. Actual spending may vary widely and depends on the competitive standards, the product category, and reseller expectations. A typical breakdown of this 40% of costs could show consumer shows, demos and coupons - 13%, allowances - 10%, volume rebates - 5%, broker's fees - 5%, coop advertising - 5% and cash discounts - 2%. These are only averages and will vary depending on the product category, channels and retail outlets used.

Frequently, allowances, premiums, contests and free goods require specific trade performance to be earned. This performance may include a temporary reduced resale

price reflecting the allowance, advertising, display, achieving purchase or sales objectives, or other negotiated
activity.

It is important for suppliers to be forthright with resellers about forward buying. This is the practice of a retailer purchasing extra quantities of goods while they have an allowance and not reflecting the allowance in terms of reduced retail price. The effect of this practice is to effectively reduce the average price they pay for a product. Suppliers should keep detailed records of regular weekly volume for each direct customer. A promotional allowance should allow the retailer to sell through several weeks worth of business in one promotion. If the retailer has stockpiles of promotional product left over after the deal period, then too much stock was made available. Generally, a manufacturer accrues two to five per cent of invoice value to be used toward co-operative advertising. However, every product category is different and it is critical for you to determine where your product fits versus the competition. i.e. co-operative advertising on cheese may be 1.5% while on honey, it may be 15%.

As a manufacturer, you may be expected to "purchase" a retailer's packaged promotion several times a year. These promotional packages usually include advertising mentions and price reductions. It is important to be specific about the performance the retailer will provide, including the retail price during the promotion and any other considerations such as: shelf talkers, which promote the product on the shelf; pre-determined shipments to the retailers ensuring adequate quantities and promoting the use of the product in displays; or other activities agreed to by the retailer and supplier. On average, consider a 10 per cent price reduction in the form of an off-invoice case allowance timed in conjunction with the co-operative advertising feature. Also consider the number of buy-ins per promotion, possibly one or two. As this benefit should be passed on to consumers, it will likely increase sales. In your overall projections, anticipate that 50 to 65 per cent of total purchases will be bought when the item is dealt. Therefore, deals will cost five to six per cent throughout the year or possibly more.

Coupons are a promotional vehicle that allow the supplier to direct a financial incentive almost entirely to the consumer. Further, the cost of incentive is only incurred when the consumer actually purchases the product. The retailers get their regular, full margin and the consumer gets a bargain. Generally, for established products, the coupon value should be between eight and fifteen percent of the regular retail price. For new products it is common to double the percentage discount normally used on established brands.

Sales Promotion

Sales force promotions are designed to create interest, attention and focused effort by the manufacturer's sales force, the distributor's sales force, or manufacturer's agents. Examples of sales force promotions include: bonuses, contests, and sales rallies. The sales force could be the vendors' own sales personnel, a broker sales force, or the sales organization of a distributor. Often marketers will combine trade, consumer and sales promotion around an important product campaign, such as a new product

introduction or a peak season promotion.

Price

Pricing decisions refer to how much you charge for your products on an ongoing basis. This includes decisions about regular price, credit terms, price reductions and increases, and volume incentives. This differs from promotional pricing which is temporary and designed to create interest and an incentive to purchase, based on the difference between the regular and promotional price.

Regular price is the price that is primarily associated with your product. It is the price that both consumers and retailers will consider when forming initial impressions of how your product is priced relative to competitive alternatives. It is important with new products to establish a distinction between regular price and a reduced price as a result of an introductory allowance. Also, it is important to try to properly balance the amount of time your products are available at promotional prices compared to regular price. A product that is "on deal" too frequently will give the impression that the deal price is really the regular price, and no purchases will take place when the product is not promoted.

Pricing decisions should be made after considering price from both a cost-plus and a competitive or market perspective. Cost analysis involves accurately measuring and budgeting costs of manufacturing, distributing, marketing and sales. Some costs are direct, that is they are incurred incrementally with each product sold, or indirect, which are overhead costs that are incurred whether or not an additional unit is sold. Examples of direct cost include ingredients, commissions, cooperative case allowances, and packaging. Indirect costs include advertising, a salaried sales force and other overhead costs. Cost plus pricing considers all these direct and indirect costs, forecasts them against sales projections, and determines a wholesale price that pays for direct costs, delivers adequate margins to cover the indirect costs and returns a fair profit.

If a change in circumstances leads to a need to change the regular price of your goods, consideration should be given to how the price change should be announced. Retailers may need advance notice of a price increase in order to make the necessary changes to reflect the price change on the shelf. This notice may be as much as sixty days, and should be given to each retailer. Suppliers should be vigilant in monitoring retailer orders before a price increase and ensure that forward buying, if allowed at all, is fairly offered to all retailers.

Alternatively, if a supplier is reducing the regular price, they should be clear and fair about how existing retailer inventories, purchased at the previously higher price are handled. Suppliers may offer to credit some or all existing inventories in return for a promotion to clear out old stock and rapidly reflect the new lower regular price.

Individual deliveries that are small are inherently less efficient than large deliveries. Very large orders, such as truckload purchases, arranged in advance, can be significantly less expensive to deliver than regular distribution. Retailers who purchase

large quantities throughout the year contribute to the overall efficiency of the supplier. As with other pricing decisions, suppliers should look at their costs of distribution, assemble competitive volume incentive information, and negotiate volume incentives with retailers that create financial incentives for efficient distribution and increased overall volume.

The credit terms you offer for your goods represents a pricing decision. Credit terms such as "2%, 15; net 30" mean that the retailer can receive a 2% discount if they pay within 15 days, otherwise they owe the face value of the invoice within 30 days. Late payment beyond 30 days should trigger an interest charge penalty, generally 2% per month. Credit terms can be a very important marketing and financing tool. Small companies with relatively weak access to commercial credit can provide an incentive for the retailer to pay rapidly, sometimes as soon as seven days. If the supplier, in turn, manages their inventory and payables efficiently, they can receive payment for their goods before they pay for supplies. Meanwhile, the food retailer receives an incremental profit margin because of the cash discount for rapid payment.

Place

Place decisions refer to location decisions such as the location of a retail store or the geographic market that will be served. Place also refers to distribution channel decisions, such as selling direct to retailers, or indirect distribution through wholesalers or distributors.

Direct distribution occurs when the supplier provides delivery directly to the retail store. Direct distribution provides vendors with greater ability to influence their product presence at store level. Direct distribution is most commonly associated with perishable products that have a high dollar volume per store, such as bread, dairy products, meats and produce. However it is also extensively used with carbonated beverages, biscuits and crackers. Indirect distribution occurs when the supplier delivers to a wholesaler, who, in turn, is responsible for delivery to the retailer. Indirect distribution is most efficient for non-perishable products, particularly if they have low to medium sales volume in a given store.

Appendix B - The Food Market in Atlantic Canada

Food Expenditures by Place of Purchase

In 1995 Atlantic Canadians spent $4.6 billion in retail food expenditures. Food stores, including supermarkets, convenience and specialty food stores, accounted for 74% of total food expenditures. Restaurants, including table service, fast food and cafeteria, captured 26% of total food spending.

	Atlantic Canada		Canada	
	000's	**$/HouseHold**	**000's**	**$/HouseHold**
Supermarkets	2,709,432	3,272	34,512,336	3,258

Appendix C - Demographics

Atlantic Canadian Demographics

Demographic facts and trends contribute to shaping the demand for food. Population increases lead to increases in total demand for food. Young people eat more food than older people. People with greater disposable income spend more on restaurant food. Family size influences the demand for different sizes of packaging. This Appendix highlights some of the significant demographic statistics that influence the food industry.

Socio - Demographic Trends

Demand for food tends to show only small, marginal changes over the short term. Real spending on food is increasing slowly, moderated by low population growth and low real income growth. Further, the average age of the general population is increasing and with it comes reduced levels of overall food consumption.

People who live alone or with one other person eat out more frequently than larger households, and the number of single and two-person households is expected to grow.

The Atlantic Canadian population is growing very slowly, less than one percent between 1986 and the estimated 1996 population. Population-driven growth in the food industry will not be significant in the foreseeable future. Without general increases in the population, it becomes even more important for food companies to understand and exploit demographic trends within their target markets. Key among these trends are the relative aging of the population, reduction in the average number of persons per household, and the increasing female participation in the workforce.

The population is aging, driven by the "baby boomer" segment that is now between 30 and 50 years old. Older people eat less food than younger, growing people. Older people are also more concerned about nutrition. All other things held constant, as the average age of the population increases, total food consumption decreases.

However, many of the children of the boomer generation, "generation x," are now adolescents and young adults - an age segment that consumes proportionately greater quantities of food and has a strong influence on buying patterns.

The size of the average Canadian household has declined in recent decades. This is a result of more households of older couples (whose children have left home), more single parent families, as well as a lower birth rate. In 1991, 47.4% of households had two or less persons and 67% had three or less.

Female participation in the workforce continues to increase both through choice and financial necessity. Dual income households have less discretionary time and create greater demand for restaurants and food products that require little preparation time.

Lifestyles and Attitude Trends

Today's consumers demand certain characteristics in their food products: freshness, healthiness, new varieties, attractiveness, convenience, and shorter meal preparation times. How food looks is important to people and is the shopper's first evaluation of quality. Consumers strongly associate freshness with quality. The more processed a food product is the less quality it is perceived to have.

Concern about food safety and the environment has grown in recent years. Consumers are interested in organic foods but most appear to be unwilling to accept foods that do not look good and are considerably more expensive.

The aging population is increasingly demanding food products that have health benefits or that minimize perceived health related dangers. Continued good health is of the greatest concern to older people. High fibre, low salt and low cholesterol products are good examples. Widespread cutbacks in fat consumption and a move away from saturated fats is continuing.

Demographic Segments

Segmenting the population into groups of people with similar characteristics is an important technique for understanding trends in market demand. It is also important for understanding different needs in the market - needs that can create opportunities for food marketers. The following sections outline some major market segments.

The Traditionals

This segment consists of people over 50 years old. They represent approximately 25% of the population, yet control over 55% of the discretionary spending. They are discriminating buyers, with a keen sense of value but are prepared to spend if they believe the benefits are worthwhile. Traditionals are very concerned about their health. They are relatively comfortable with their current preferences and changes will not be radical (unless health related). They are interested in reducing meal preparation hassles. Towards the end of the 1990's this segment will evolve to include Boomers which will bring their own, and sometimes very different preferences.

The Boomers

Boomers consist of people born between 1945 and 1966, and account for about 35% of the population. They have been the market segment behind the change toward increasing vegetable consumption and decreasing red meat consumption. They have also been the segment driving the demand for freshness. They have increasing concern about their health. Until recently, boomers have been less price-sensitive than traditionals. The values of the baby boom generation remain dominant in society.

Post-Boomers (Generation X)

Children of the baby boomers represent approximately 25% of the population. As young people, this segment consumes a higher rate of calories than adults. They have a lower inherent concern for the nutritional value of food, yet they have readily adopted many of the fundamental food consumption patterns of their parents - decreased red meats and increased vegetables and poultry.

Those that have grown up in families with two working parents are used to unstructured mealtimes and foods that involve little preparation. Many have barely been taught how to cook, and are more familiar with a microwave than an oven or stove. Use of microwave ovens will increase as they become more of a primary cooking appliance for younger people who grew up with the technology.

1996 Atlantic Canadian Age Distribution

Age Group	1996 Population	Estimate
All Age Groups	2,381,865	100.00%
0-4 Years	159,585	6.70%
5-9 Years	163,396	6.86%
10-14 Years	170,313	7.15%
15-19 Years	181,498	7.62%
20-24 Years	182,231	7.65%
25-29 Years	188,882	7.93%
30-34 Years	197,218	8.28%
35-39 Years	194,837	8.18%
40-44 Years	184,595	7.75%
45-49 Years	156,727	6.58%
50-54 Years	126,239	5.23%
55-59 Years	103,611	4.35%
60-64 Years	92,416	3.88%
65-69 Years	84,318	3.54%
70+ Years	196,017	8.30%

Source: Compusearch and Statistics Canada

Grocery Shoppers

Although direct figures specifically for Atlantic Canada are not published, the Grocery Products Manufacturers of Canada (GPMC) have prepared a national grocery shopper profile. They found that over 80% of grocery shoppers are women. Young adults, boomers, and persons over 50 years old, each represent about one-third of grocery shoppers.

Canadian Shopper Profile

Sex of main grocery shopper

Male 18

Female 82

Age of main grocery shopper

18-34 years 32

35-49 years 32

50 and older 36

Source: GPMC, Canadian Grocery Shopper Attitudes, 1994

Household Composition

The structure and composition of households directly influences demand product. Single and two person households are expected to become more prevalent. Small household grocery shoppers buy more prepared foods, spend more per capita, and are less price oriented than larger household shoppers.

Atlantic Canada Household and Family Structure, 1991

Household Size (1991)	Households	Percent
Total households	797,055	100.0
1 Person households	144,665	18.1
2 Person households	233,875	29.3
3 Person households	156,355	19.6
4 Person households	161,780	20.3
5+ Person households	100,380	12.6

Average number of persons per household = 2.9

Source: Compusearch and Statistics Canada

Spending Power

Understanding income statistics is relevant for determining food pricing strategies. With the exception of major urban centers, Atlantic Canadian per capita and household incomes trail national figures. According to Canadian Grocer, Atlantic Canadians spend approximately 30% more of their after-tax disposable income in food stores. Dual income households will continue to increase and will support further demand for food products that are convenient to prepare.

Atlantic Canadian Households by Income, 1991

Household Income Level (1991)	Households	Percent
Average Household Income - $39,587		
Private Households with Income	797,050	
Households With Income	218,685	27.44%
Households With Income $20K - $49K	355,110	44.55%
Households With Income $50K+	223,260	28.01%
Total Population in Private Households	2,262,555	

Source: Compusearch and Statistics Canada

Appendix D - Consumer Attitudes

Attitudes of Canadians Towards Grocery Shopping

The Grocery Products Manufacturers of Canada (GPMC) is an association of companies that manufacture and market branded consumer products through retail and foodservice distribution channels. Since 1987, the association has conducted, with Dialog Canada, tracking studies to provide information on the attitudes and behaviour of Canadian grocery shoppers. These surveys provide very useful information to food marketers, helping to define some of segments of the Canadian grocery market. Also, as a tracking study that asks many identical questions year after year, changes and trends in grocery shopper attitudes can be monitored. Unfortunately, the survey's statistics are national and are not generally broken down by region, thus Atlantic Canadian statistics can not been presented.

Highlights of the Grocery Attitudes of Canadians studies include:

- *Primary Grocery Shopper* - There are more male grocery shoppers than five years ago although women still constitute 82% of all main grocery shoppers. Male grocery shoppers are more likely to live alone, shop at convenience stores and have greater national brand loyalty.

- *Grocery Spending* - Nationally, although the per capita spending on groceries has not changed significantly, many shoppers believe they are spending more than in the past. One in three shoppers deliberately goes out of their way to save money when shopping for groceries.

- *Nutrition* - Nutrition remains very important to most shoppers, with particular concern towards the fat content in food.

- *Food Safety* - Shoppers are generally satisfied with food packaging but concerns about new food technologies and some additives used in food processing.

- *Food Labelling* - Two separate groups of shoppers, persons concerned with additives and those concerned with nutrition, have lowered the overall level of satisfaction with food labels. However, labels remain the most frequently used sources of nutritional information.

- *Outlets Used for Grocery Shopping* - "Club stores" have increased their share nationally since 1991, and have attracted a core market of larger households with higher than average incomes. Convenience store have lost ground as a place for regular grocery spending. Atlantic Canadians are less likely to buy grocery products at drugstores than shoppers elsewhere in Canada.

- *Environmental Commitment* - The proportion of shoppers committed to environmental action in grocery shopping behaviour has not changed.

Provincial Household Data

New Brunswick	1996 Households (est.)
Saint John	48,241
Fredericton	28,406
Bathurst	13,295
Edmunston	8,676
Moncton	41,456
Campbellton	6,374
Miramichi	21,432
Other New Brunswick	102,570
Total New Brunswick	270,450

Source: Canadian Grocer and Statistics Canada

Nova Scotia	1996 Households (est.)
Chester	4,391
Sydney	42,179
Truro	17,472
New Glasgow	14,668
Lunenburg	10,077
Kentville	9,565
Metro Halifax	127,683
East Hants	6,747
West Hants	5,002
Other Nova Scotia	108,000
Total Nova Scotia	341,393

Source: Canadian Grocer and Statistics Canada

Prince Edward Island	1996 Households (est.)
Charlottetown	22,121
Summerside	5,718
Other PEI	19,571
Total Prince Edward Island	47,410

Source: Canadian Grocer and Statistics Canada

Newfoundland	1996 Households (est.)
Corner Brook	11,511
Grand Falls	8,353
St. John's	61,766
Gander	3,803
Other Newfoundland	100,964
Total Newfoundland	186,397

Source: Canadian Grocer and Statistics Canada

Ethnicity

Mother tongue (1991)	Population	Percent
English	2,005,576	86.37
French	281,435	12.12
Total other languages	35,063	1.51
German	3,948	0.17
Dutch	3,483	0.15
Chinese	3,251	0.14
Arabic	2,090	0.09
Polish	1,393	0.06
Italian	1,393	0.06
Spanish	1,161	0.05
Greek	1,161	0.05
Other languages	17,416	0.75
Total Atlantic Canadian population	2,322,075	100.00

Source: Compusearch and Statistics Canada

Appendix E - Sources of Information

Brokers

Terms and abbreviations
H.O. - Head office
C-Stores - Convenience stores
EDI - Electronic Data Interchange

AMCA Sales Ltd.
100 Simonds Drive
Dartmouth, Nova Scotia B3B 1N9
Tel: (902) 468-1501 Fax: (902) 468-1412
Contact: Hilliard Graves - President
Calls On : Grocery H.O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Food Service Users, Club Stores, Mass Merchandisers, Confectionary Wholesale, Pet Stores, C-Store Retail,
Retail Coverage: Bi-weekly
Buy-sell Lines: Yes
EDI: Yes
Control/Private Label: Yes
Invoicing: Yes
Other Services: Warehousing
Geographic Area and Affiliations: NS, NB and NF
Branch Office: St-John's, NF

Bluenose Food Brokers Limited
130 Wright Avenue
Dartmouth, Nova Scotia, B3B 1R6
Tel: (902) 468-1555 Fax: (902) 468-9891
Contact: Wayne Mason - President
Calls On : Grocery H.O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Food Service Users, Club Stores, Mass Merchandisers, Industrial, Confectionary Wholesale, Specialty Retailer, Health Food Outlets, C-Store Retail,
Retail Coverage: Bi-weekly
Buy-sell Lines: Yes
EDI: Yes
Control/Private Label: Yes
Invoicing: Yes
Other Services: Warehousing
Geographic Area and Affiliations: NS, NB, NF and PEI
Branch Office: St-John's, NF

A.G. Brown & Son 1992 Limited
3500 Kempt Road
Halifax, Nova Scotia B3K 5L8
Tel: (902) 454-6407 Fax: (902) 454-4528
Contact: Jim Brown - Vice President
Calls On : Grocery H.O., Grocery Retail, Drug H.O., Drug
Retail, Food Service H.O., Food Service Users, Mass Merchandisers, Confectionary
Wholesale,
Specialty Retailer, Pet Stores, C-Store Retail,
Retail Coverage: Weekly
Buy-sell Lines: Yes
EDI: Yes
Control/Private Label: Yes
Invoicing: Yes
Geographic Area and Affiliations: NS, NB, NF and PEI
Branch Office: St-John's, NF

Creighton Limited
20 Borden Avenue
Dartmouth, Nova Scotia B3B 1C8
Tel: (902) 468-1875 Fax: (902) 468-3211
Contact: Ralph Sams - President
Calls On : Grocery H.O., Grocery Retail, Drug H.O., Drug
Retail, Food Service H.O., Industrial, Confectionary Wholesale,
Retail Coverage: Weekly
Buy-sell Lines: Yes
EDI: Yes
Control/Private Label: Yes
Invoicing: Yes
Other Services: Warehousing, Marketing
Geographic Area and Affiliations: Atlantic Canada and Ontario

Effex Marketing Inc.
201 Brownlow Avenue, Suite 44
Dartmouth, Nova Scotia B3B 1W2
Tel; (902) 468-8339 Fax:(902) 468-2438
Contact: David Romkey
Calls On : Grocery H.O., Grocery Retail, Drug H.O., Food Service H.O., Club Stores,
Mass
Merchandisers
Retail Coverage: Weekly
Buy-sell Lines: No
EDI: Yes
Control/Private Label: Yes
Invoicing: No
Branch Office: Montreal, PQ

Murray Spencer & Co. Ltd.
1000 Windmill Road, Suite 44
Dartmouth, Nova Scotia B3B 1L7
Tel: (902) 468-1291 Fax: (902) 468-1302
Contact: Mike McKinley - VP Sales
Calls On : Grocery H.O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Food
Service Users, Mass Merchandisers, Confectionary Wholesale
Retail Coverage: Bi-Weekly
Buy-sell Lines: Yes
EDI: Yes
Control/Private Label: Yes
Invoicing: Yes

Scotco Brands Inc.
201 Wright Avenue
Dartmouth, Nova Scotia B3B 1V6
Tel: (902) 468-2392 Fax: (902) 468-1557
Contact: Bill Scott - President
Calls On : Grocery H.O., Grocery Retail, Drug H.O., Drug
Retail, Food Service H.O., Food Service Users, Industrial, Confectionary Wholesale,
Health Food Outlets, C-Store Retail, Dairies
Retail Coverage: Weekly
Buy/Sell Lines: Yes
EDI: Yes
Control/Private label: Yes
Invoicing: Yes
Other Services: Marketing, Warehousing, Invoicing and Importing
Geographic Area and Affiliations: NS, NB, NF and PEI

Target Food Brokers Inc.
120 Wright Avenue
Dartmouth, Nova Scotia B3B 1R6
Tel: (902) 468-3088 Fax: (902) 468-2298
Contact: Brian Hull - President
Calls On: Grocery H,O., Grocery Retail, Food Service
H.O., Food Service Users, Industrial, C-Store Retail
Retail Coverage: Bi-Weekly
Buy/Sell lines: Yes
EDI: Yes
Control/Private label: Yes
Invoicing: Yes
Geographic Area and Affiliations: NS, NB, PEI

Trebley Brokerage Limited
67 Wright Avenue,
Dartmouth, Nova Scotia B3B 1H2
Tel: (902) 468-2007 Fax: (902) 468-4899
Contact: T. Elmer King - President
Calls On: Grocery H.O, Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Food Service Users, Industrial, Club Stores, Mass Merchandisers, Confectionary Wholesale
Retail Coverage: (A Stores)Weekly (B Stores) Monthy
Buy/Sell lines: Yes
EDI: Yes
Control/Private Label: Yes
Invoicing: Yes
Other Services: Warehousing,Consolidated Distribution,Electronic Space Management, Nielsen Work Station, plus Analysis, Category Management Plan-O-Gram Resets, Regional Marketing
Geographic Area and Affiliations: NS, NB, PEI, NF, Action Broker Network

Newfoundland:

Gordon Butler & Co. Ltd.
P.O. Box I56
St. John's, Newfoundland AIC 5J2
Tel: (709) 722-0142 Fax: (709) 722-0712
Contact: George Montgomery - General Manager
Calls On: Grocery H.O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Food Service Users, Mass Merchandisers, Confectionary Wholesale, Specialty Retailer, Health Food Outlets, C-Store Retail
Retail Coverage: Weekly
Buy/Sell Lines: Yes
EDI: No
Control/Private label: No
Invoicing: Yes
Other Services: Warehousing

Mitchell Agencies Limited
P.O. Box 8157
93 Glencoe Drive
Donovan's Industrial Park
St, John's, Newfoundland AI8 3M9
Tel: (709) 368-8336 Fax: (709) 747-3428
Contact: Sales Manager
Calls On: Grocery H.O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Food Service Users, Club Stores, Mass Merchandisers
Retail Coverage: Weekly
Buy/Sell lines: Yes

P. C. O'Driscoll Limited
35 Glencoe Drive
Mount Pearl, Newfoundland AIN 455
Tel: (709) 747-0788 Fax: (709) 747-5728
Contact: Bill O'Driscoll - President
Calls On: Grocery H.O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Club Stores, Mass Merchandisers, Confectionary
Wholesaler
Retail Coverage: Bi-Weekly
Buy/Sell Lines: Yes
EDI: Yes
Control/Private label: No
Invoicing: Yes
Other Services: Warehousing, Distribution, Merchandising, Marketing
Geographic Area and Affiliations: NF, NB, NS and PEI

Peter Pan Sales Ltd.
P.O. Box 8658
Donovan's Industrial Park
St. John's, Newfoundland A1B 3T1
Tel: (709) 747-1990 Fax: (709) 747-1482
Contact: David Spurrell - President
Calls On: Grocery H.O. Retail, Drug H.O., Food Service, Mass Merchandisers, Industrial, Confectionary Wholesale, Health Food Outlets, Pet
Stores.
Retail Coverage: Weekly
Buy/Sell lines: Yes
EDI: No
Control/Private label: Yes
Invoicing: Yes
Other Services: Warehousing and Tracking Service

Terra Nova Brokers Limited
18 Arglye Street, Suite 301,
St. John's, Newfoundland AIA 1V3
Tel: (709) 754-2840 Fax: (709) 753-8935
Contact: Steve Winter - President
Calls On: Grocery H.O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Food
Service Users, Club Stores, Mass Merchandisers, Confectionary Wholesale, Specialty Retailer, Health Food Outlets, Pet Stores, C Store Retail
Retail Coverage: Weekly
Buy/Sell Lines: No
EDI: Yes
Control/Private label: Yes
Invoicing: No
Other Services: Marketing, Nielsen Infact, Space Management, Intactics
Geographic Area and Affiliations: NF, Affiliated with Murray Spencer

T& M Winter Limited
P.O. Box 7070, WEPO
51 James Street
St. John's, Newfoundland A1E 1Y3
Te1: (709) 579-5051 Fax: (709) 579-9001
Contact: Bill Doyle - President
Calls On: Grocery H,O., Grocery Retail, Drug H.O., Drug Retail, Food Service H.O., Club Stores, Mass Merchandisers, Confectionary Wholesale, C Store Retail
Retail Coverage: Bi Weekly
Buy/Sell lines: Yes
EDI: Yes
Control/Private Label: No
Invoicing: Yes
Other Services: Warehousing
Geographic Area and Affiliations: NF

Major Trade Shows
A comprehensive list of trade shows can be obtained through your local provincial Agri-food department. Major food shows include the following:

APEX (Regional Atlantic Food Show)
Apex Association
P.O. Box 3118
Dartmouth, NS B2W 4Y3
Tel: (902) 434-3767 Fax: (902) 434-5224

Canadian Fine Food Show (Specialties)
Meteor Show Productions
68 Bannatyne Drive
Willowdale, Ont. M2L 2P1
Tel: (416) 229-2060 Fax: (416) 223-2826

Canadian Food & Beverage Show
Canadian Restaurant and Foodservice Assoc.
316 Bloor Street W.
Toronto, Ont. M5S 1W5
Tel: (416) 923-8416 Fax: (416) 923-1450

FMI Supermarket Industry Show
Convention Services
800 Connecticut Ave.
Washington, DC 20006
Tel: (202) 452-8444 Fax: (202) 429-4519

Hostex Food & Equipment Show
Canadian Restaurant Foodservices Assoc.
80 Bloor St. W Suite 1201
Toronto, Ont. M5S 2V1 Tel: (416) 923-8416

Grocery Showcase Canada (Retail grocers)
Canadian Federation of Independent Grocers
2235 Sheppard Ave. E, Suite 902
Willowdale, Ont. M2J 5B5
Tel: (416) 492-2325 Fax: (416) 492-2347

Innovative Foods Expo
Diversified Expositions
P.O. Box 7437
Portland, ME 04112-7437
Tel: (207) 842-5504 Fax: (207) 842-5505

Salon Rest-Hote
Quebec Restaurant Association
2485 Sherbrooke St. E
Montreal, PQ H2K 1E8
Tel: (514) 527-9801 Fax: (514) 527-3066

Canadian Snack Food Convention
Canadian Snack Food Association
885 Don Mills Rd. Suite 301
Don Mills , Ont. M3C 1V9
Tel: (416) 510-8036 Fax: (416) 510-8044

Salon Rendez-Vous (Foodservice)
Hotel & Restaurant Suppliers Assoc.
2435 Guinette St.
Ville Saint-Laurent P.Q. H4R 2E9
Tel: (514) 334-5161 Fax: (514) 334-1279

Trade Publications

Canadian Grocer
Food in Canada
Maclean Hunter Publishing Ltd.
777 Bay Street
Toronto, Ont. M5W 1A7
Tel: (416) 596-5000
Fax: (416) 593-3189

Publishes an annual Canadian Brokers Directory
Publishes an annual Buyers Guide that identifies major suppliers to the industry.

Meat & Poultry
P.O. Box 850954
Braintree, Mass.
02185-9905

Food Processing
P.O. Box 11037
Chicago, Ill. 60611-0037
Food Service & Hospitality
23 Lesmill Road, Suite 101
P.O. Box 41310, Stn Brm B
Toronto, Ont. M7Y 7E1
Tel: (416) 447-0888
Fax: (416) 447-5333

Other Publications of interest:

Atlantic Canada Food Processors Guide - which can be obtained through your local Provincial Agriculture Department or the Atlantic Agri-Products Competitiveness Council (902) 422-6110.

Conceptual Selling, by Robert Miller, Stephen Heiman and Tad Tuleja, 1987, published by Warner Books.

Strategic Selling, by Robert Miller, Stephen Heiman and Tad Tuleja, 1986, published by Warner Books.

Successful Market Research: The Complete Guide to Getting and Using Essential Information About Your Competitors and Customers, by Edward L. Hester, 1996, published by John Wiley & Sons Inc.

Major Industry Associations

There are agri-food related associations throughout Canada and the U.S., many of which are regional in nature. Some of the larger members have been listed below, however, food publications such as Meat and Poultry, Food in Canada and Canadian Grocer publish updated lists annually. These lists can also be obtained through your Provincial Department of Agriculture. A list of local associations can be found in the Atlantic Canada Food Processors Guide.

Food Marketing Institute
800 Connecticut Ave. N.W. Suite 400
Washington, D.C. 20006
Tel:(202) 452-8444 Fax: (202) 429-4519

Food Institute of Canada
1600 Scott St., Suite 415
Ottawa, Ont. K1Y 4N7
Tel: (613) 722-1000 Fax: (613) 722-1404

International Foodservice Distributors Association
201 Park Washington court
Falls Chuch, VA 22046
Tel: (703) 532-9400 Fax: (703) 538-4673

National Food Brokers Association
2100 Reston Parkway, Suite 400
Reston, VA 22091
Tel: (703) 758-7790 Fax: (703) 758-7787

Canadian Food Brokers Association
70 Aitken Circle
Unionville, Ont. L3R 7L1
Tel: (905) 477-4644 Fax: (905) 477-9580

Canadian Council of Grocery Distributors
P.O. Box 1082
Place du Parc
Montreal, PQ, H2W 2P4
Tel: (514) 982-0267 Fax: (514) 849-3021

International Cheese Council of Canada
210 Dundas Street W. Suite 700
Toronto, Ont., M5G 2E8
Tel: (416) 595-5333 Fax: (416) 595-8226

Pet Food Association of Canada
1435 Goldthorpe Rd.
Mississauga, Ont. L5G 3R2
Tel: (905) 891-2921 Fax: (905) 278-477

Canadian Association of Specialty Foods
1 Eva road, Suite 409
Etobicoke, Ont. M9C 4Z5
Tel: (416) 626-6239 Fax: (416) 620-5392

National Food Processors Association
1401 New York Avenue N.W.
Washington, DC 20005
Tel: (202) 639-5900 Fax: (202) 639-5932

Canadian Potato Chip/Snack Food Association
885 Don Mills Rd. Suite 301
Don Mills, Ont. M3C 1V9
Tel: (416) 510-8036 Fax: (416) 510-8044

Canadian Restaurant and Foodservices Association
316 Bloor Street W.
Toronto, Ont. M5S 1W5
Tel: (416) 923-8416 Fax: (416) 923-1450

Canadian Produce Marketing Association
310-11-1 Prince of Whales Drive
Ottawa, Ont. K2C 3W7
Tel: (613) 226-4187 Fax: (613) 226-2984

Confectionery Manufacturers Association of Canada
885 Don Mills Rd, Suite 301
Don Mills, Ont. M3C 1V9
Tel: (416) 510-8034 Fax: (416) 510-8044

Retail Council of Canada
210 Dundas St. W. Suite 600
Toronto, Ont. M5G 2E8
Tel: (416) 598-4684 Fax: (416) 598-3707

American Frozen Food Institute
1764 Old Meadow Road, Suite 350
McLean, VA 22102 Tel: (703) 821-0770

Supermarkets and Convenience Stores

A comprehensive listing of Canadian supermarkets and convenience stores can be obtained through your provincial Agriculture department or development office. Major supermarket retailers in the Atlantic provinces include:

Atlantic Wholesalers
Head Office
120 Eileen Stubbs Ave. Suite 101
Dartmouth, NS B3B 1Y1
Tel: (902) 468-8866 Fax: (902) 481-4203

Bolands
Head Office
P.O. Box 2910
Armdale, NS, B3L 4N5
Tel: (902) 876-7881 Fax: (902) 876-7528

Co-Op Atlantic
Head Office
123 Halifax St.
P.O. Box 750
Moncton, NB E1C 9N5
Tel: (506) 858-6000 Fax: (506) 858-6474

Sobeys Inc.
Head Office
115 King St.
Stellarton, NS B0K 1S0
Tel: (902) 752-8371 Fax: (902) 752-2960

Convenience Stores

Green Gables Convenience Stores
Head Office
115 North Ford St.
P.O. Box 2530
Stellarton, NS B0K 1S0
Tel: (902) 752-0361 Fax: (902) 752-3969

Red Circle Limited
Head Office
75 Barbour Dr.
Mt. Pearl, Nfld. A1N 2P3
Tel: (709) 368-6046

Irving Convenience Stores
Head Office
P.O. Box 1421
Saint John, NB E2L 4K1
Tel: (506) 632-2000 Fax: (506) 632-7161

Data Sources

Statistics Canada, 1770 Market Street, Halifax, Nova Scotia, B3J 3M3, Toll free 1-800-565- 7192, Tel (902) 426-5331, Fax (902) 426-9538

Compusearch Micromarketing Data and Systems, 1080 cote du Beaver Hall, Suite 1600, Montreal, Quebec H2Z 1S8, Tel (514) 879-1912, Fax (514) 879-9073

Nielsen Marketing Research, 160 McNabb Street, Markham Ontario, L3R 4B8, Tel: (905) 475-3344, Fax (905) 475-8357

Grocery Product Manufacturers of Canada, Suite 301, 885 Don Mills Road, Don Mills, Ontario, M3C 1V9, Tel (416) 510-8024, Fax (416) 510-8043

Other Information Resources:
Business Development Bank of Canada

Provincial Departments of Agriculture, Economic Development and related agencies

Business Service Centres

Universities, Libraries and Business Faculties

Agriculture and Agri-food Canada: Market and Industry Services Branch

Atlantic Canada Opportunities Agency

Internet Sources

ACEIS
- Programs, publications, news, market reports

DFAIT
- Foreign markets, trade policies, statistics, studies

Foodnet
- Trends, research, events, regulations

Foodservice World
- Associations, shows, news, buyer directories

Trade Show Central

Strategist
- Industrial perspectives, microeconomics, R&D, technoloy and innovations

U.S. Trade Center
- Publications and services offered

Canadian Food Brokers Association

Also check your provincial home page for information on agriculture, agri-food and fisheries. Your provincial agriculture or development departments are also a good source of available related internet information.

Directories of Atlantic Manufacturers

Newfoundland Directory of Manufacturers
Manufacturing Industries Division
Department of Industry, Trade and Technology
P.O. Box 8700
St.John's, Nfld. A1B 4J6
Tel: (709) 729-6355
Fax: (709) 729-5936

Nova Scotia Directory of Manufacturers
Statistics Division
Department of Finance
Provincial Building
1723 Hollis Street
P.O. Box 187
Halifax, NS B3J 2N3
Tel: (902) 424-5691

New Brunswick Directory of Manufacturers
Department of Economic Development and Tourism
P.O. Box 6000
Fredericton, NB E3B 5H1
Tel: (506) 453-2629
Fax: (506) 453-7904

Prince Edward Island Trade Directory
Enterprise PEI
P.O. Box 910
Charlottetown, PEI C1A 7L9
Tel: (902) 368-6308
Fax: (902) 368-6301